

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF TENNESSEE
3 AT KNOXVILLE, TENNESSEE

3 _____))
4 UNITED STATES OF AMERICA,)
5 Government,)
6 vs.) Case No. 3:15-cr-27
7 LUCA SARTINI,)
8 Defendant.)
 _____))

9 **VIDEO DIGITALLY-RECORDED INITIAL APPEARANCE/ARRAIGNMENT**
10 **PROCEEDINGS**
11 **BEFORE THE HONORABLE DEBRA C. POPLIN**

12 **Friday, June 26, 2020**
13 **3:56 p.m. to 4:23 p.m.**

14 **APPEARANCES:**

15 **ON BEHALF OF THE GOVERNMENT:**

16 TRACY STONE, ESQ.
17 U.S. DEPARTMENT OF JUSTICE
18 OFFICE OF U.S. ATTORNEY
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21 Knoxville, TN 37902

22 **ON BEHALF OF THE DEFENDANT:**

23 WESLEY D. STONE, ESQ.
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26 **REPORTED BY:**

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1 THE COURTROOM DEPUTY: All rise.

2 This court is again in session with the
3 Honorable Debra C. Poplin, United States Magistrate
4 Judge, presiding.

5 Please come to order and be seated.

6 We are here for an initial appearance and
7 arraignment hearing in Case 3:15-cr-27, United States of
8 America versus Luca Sartini.

9 Here on behalf of the government is Tracy
10 Stone.

11 Is the government ready to proceed?

12 MR. TRACY STONE: Yes, Your Honor.

13 THE COURTROOM DEPUTY: And here on behalf of
14 the defendant is Wesley Stone.

15 Is the defendant ready to proceed?

16 MR. WESLEY STONE: Present and ready, Your
17 Honor.

18 THE COURT: Good afternoon. Mr. Sartini, can
19 you see and hear me?

20 THE DEFENDANT: Yes, Your Honor.

21 THE COURT: All right. Thank you.

22 I'm looking at you in the monitor. You may see
23 me, my profile, but I am looking straight at you in the
24 monitor.

25 All right. You are here today, Mr. Sartini,

1 because you have been charged with certain felonies in a
2 Fourth Superseding Indictment that has been returned by
3 the Grand Jury for the Eastern District of Tennessee.

4 The purpose of today's --

5 MR. STONE: Your Honor, may I -- may I
6 interrupt, Your Honor?

7 THE COURT: Yes, Mr. Stone.

8 MR. TRACY STONE: I'm sorry. But because of
9 the way the extradition worked, we're actually
10 proceeding under the Third Superseding Indictment --

11 THE COURT: All right.

12 MR. TRACY STONE: -- and not the Fourth. I'm
13 sorry if that was unclear.

14 THE COURT: Okay.

15 MR. TRACY STONE: And I have it in front of me
16 and all the penalties and everything ready --

17 THE COURT: All right. Thank you, Mr. Stone.

18 MR. TRACY STONE: -- but -- okay.

19 THE COURT: All right. Mr. Sartini, if you
20 heard government's counsel, Mr. Stone, he was explaining
21 to the Court that they are proceeding under the Third
22 Superseding Indictment and not the Fourth.

23 So we -- what we need to do here today is to
24 make sure you understand the nature of the charges that
25 are set forth in that Third Superseding Indictment.

1 I will be going over your rights with you. I
2 will be making sure you have counsel appointed, and then
3 we will be looking at future scheduling for this matter.

4 In order to get us started, I need to ask you a
5 few preliminary questions and they need to be answered
6 under oath. You certainly can remain seated, but if you
7 could please raise your right hand to be sworn in.

8 (The witness was thereupon duly sworn.)

9 THE COURT: Mr. Sartini, if you could start,
10 please, by stating your full name.

11 THE DEFENDANT: Lucas Sartini.

12 THE COURT: And what is your age, Mr. Sartini?

13 THE DEFENDANT: Age 60.

14 THE COURT: How far did you go with your
15 education, sir?

16 THE DEFENDANT: I -- I studied for
17 architectural engineering.

18 THE COURT: All right.

19 THE DEFENDANT: But I -- I -- there is a degree
20 that allows me to build up to two stories, two-stories
21 building.

22 THE COURT: Okay.

23 THE DEFENDANT: I acquired it academically.
24 And then I kept studying engineering.

25 THE COURT: All right. Thank you.

1 THE DEFENDANT: Mostly in that field, Your
2 Honor.

3 THE COURT: Okay. Thank you, sir.

4 All right. Are you currently under the
5 influence of any drugs, alcohol, or any other substance
6 that could affect your ability to understand what we are
7 doing here today?

8 THE DEFENDANT: Absolutely not, Your Honor.
9 I'm just very tired and very cold.

10 THE COURT: Okay, sir. Are you presently
11 suffering from any physical or mental condition that
12 could affect your ability to understand what we are
13 doing here today?

14 THE DEFENDANT: I don't believe so. Just very
15 high blood pressure (unintelligible).

16 THE COURT: I'm sorry; could you repeat the
17 last part?

18 THE DEFENDANT: I'm sure that that cannot
19 be (unintelligible). Just very heart -- very heart
20 beating. Very strong heartbeat sometimes.

21 THE COURT: Okay. If at any point during the
22 hearing, if you need to take a moment to pause, if you
23 need me to repeat something, just let me know; okay?

24 THE DEFENDANT: Thank you very much, Your
25 Honor.

1 THE COURT: All right. In speaking with
2 Mr. Wesley Stone before we started with our hearing,
3 were you able to communicate with him?

4 THE DEFENDANT: For a short time, yes, I did.

5 THE COURT: All right. Thank you.

6 I'm going to make a finding that you are
7 competent to proceed. So, based on that finding, I want
8 to now review your rights with you.

9 The first right I want to go over with you is
10 your right to remain silent. I need to make sure you
11 understand all of the charges that are being alleged.
12 I'm not going to ask you any questions about those and
13 you are not required to make any statements during this
14 hearing.

15 If you waive your right to remain silent and
16 make any statements regarding the charges, then whatever
17 you say could be used against you in this proceeding or
18 in another proceeding.

19 Do you understand that you have the right to
20 remain silent?

21 THE DEFENDANT: I think I do, Your Honor.

22 THE COURT: All right. The next right I wish
23 to review with you is your right to be represented by an
24 attorney. You have the right to have an attorney with
25 you when you are being questioned by law enforcement

1 officials. You have the right to have your attorney
2 with you representing you in court and the right to
3 consult with your attorney to prepare for your court
4 appearances.

5 If you can afford to hire an attorney, you may
6 do so and hire one of your own choosing. If you cannot
7 afford to do that, you can request that the Court
8 appoint an attorney to represent you at no cost to you,
9 provided you meet certain financial qualifications.

10 Do you understand that you have the right to be
11 represented by an attorney?

12 THE DEFENDANT: Yes.

13 THE COURT: All right. Thank you.

14 Given the time constraints of today, the Court
15 was unable to receive a financial affidavit that would
16 set forth the information needed for the Court to make a
17 determination about appointment of counsel.

18 Mr. Sartini, what I want to do today is to ask
19 Mr. Stone if he will accept representation, and he will
20 continue as your -- as your attorney for the time being,
21 unless and until there is some later substitution.

22 Mr. Stone, what I will need for you to do is to
23 meet with Mr. Sartini over the next week and complete a
24 financial affidavit to submit for the Court's
25 consideration.

1 MR. WESLEY STONE: I will do that, Your Honor.
2 I'll take care of that. When do you need that by?

3 THE COURT: If you could have that submitted by
4 next Friday, it would be most appreciated.

5 MR. WESLEY STONE: Okay. Thank you, Your
6 Honor.

7 THE COURT: And, Mr. Sartini, once the Court
8 receives that financial affidavit, the Court will make a
9 determination as to whether you can proceed with
10 court-appointed counsel or whether you will need to
11 retain your own private counsel. Do you understand
12 that?

13 THE DEFENDANT: Yes. Thank you, Your Honor.

14 THE COURT: All right. So, Mr. Wesley Stone is
15 now appointed as your attorney and will be serving as
16 your official counsel for the time being and unless and
17 until there is a later substitution.

18 All right. Now that you have counsel
19 appointed, we are going to turn our attention to the
20 Third Superseding Indictment.

21 And, Mr. Stone, did you have an opportunity to
22 review the charges with Mr. Sartini?

23 MR. WESLEY STONE: Your Honor, I have to say
24 that I have not had an opportunity to review that with
25 him. It's 81 pages long. And I was hoping to get a

1 little more information from Mr. Tracy Stone when he
2 went through the possible charges and what he's charged
3 with. So, I apologize. I've not had that opportunity.

4 THE COURT: All right. Well, since we were
5 going to go forward with the arraignment, do you want to
6 have a few minutes with Mr. Sartini after Mr. Stone goes
7 through the charges?

8 MR. WESLEY STONE: If that's okay.

9 THE COURT: Okay.

10 MR. WESLEY STONE: Please.

11 THE COURT: All right. All right. Under
12 the -- those circumstances, Mr. Stone, Tracy Stone, I'll
13 ask if you would please go over the charges in the Third
14 Superseding Indictment.

15 MR. TRACY STONE: Sure, Your Honor.

16 Starting from the beginning, from the first
17 page -- and this Document 278, 2-7-8. The first several
18 pages are just general allegations to give background.
19 They're not charges themselves.

20 The first count actually starts on page 11. So
21 the first ten pages are sort of background information.

22 And Count One charges a RICO conspiracy in
23 violation of Title 18 United States Code § 1962(d), and
24 it charges Mr. Sartini, along with Luigi Palma, Ben
25 Rodriguez, and Sylvia Hofstetter, with violating certain

1 provisions of that statute. And just in short, it has
2 to do with pain management clinics in Hollywood, Florida
3 and the Knoxville, Tennessee area.

4 And it is a -- it is a rather lengthy count
5 that I won't go through all the details. There are a
6 number of paragraphs, but it does charge a RICO
7 conspiracy.

8 Then the next count -- let me -- let me pause.
9 This may be an important clarification, given the
10 extradition posture that we're in: Some of these
11 counts, and I'll point out as we go through, have notice
12 of special sentencing factors because of some deaths
13 that were alleged to have resulted from these charges.
14 The -- as the extradition proceedings transpired in
15 Italy, the extradition of Mr. Sartini was conditioned on
16 the removal of -- of any death charges or death
17 enhancements for a possible life sentence as a maximum
18 sentence.

19 So the way that the United States under our
20 treaty with Italy received Mr. Sartini back, it was
21 under that understanding and that agreement.

22 So Mr. Wesley Stone and the Court and
23 Mr. Sartini will notice on page 37, there is a notice of
24 special sentencing factors for Count One; however, that
25 will not apply to Mr. Sartini in this case.

1 Then there are forfeiture allegations starting
2 on page 39. First and foremost, there are some bank
3 accounts that were seized, but primarily for -- it's the
4 money judgment that is probably most important. There
5 is a money judgment in the amount of around \$21 million
6 dollars, as I recall.

7 Then Count Two starts on page 43 and alleges a
8 conspiracy to distribute controlled substances in
9 violation of Title 21 United States Code § 846. It
10 charges Mr. Sartini and others with essentially being
11 involved in a drug distribution conspiracy. And there
12 are -- again, that relates to these pain clinics that
13 I've already mentioned.

14 Likewise, at the bottom of page 43, the Court
15 and counsel and Mr. Sartini will note the enhanced
16 penalty provision that will not apply to Mr. Sartini.
17 Then there are, again, forfeiture allegations that
18 mirror the same allegations for Count One.

19 Then Count Three is a money laundering
20 conspiracy starting on page 49 in violation of Title 18
21 United States Code § 1956(h) charging Mr. Sartini and
22 others of violating federal money laundering statutes in
23 a variety of ways from concealment and promotion.

24 Then we have -- these counts do not apply to
25 Mr. Sartini; they applied to Ms. Hofstetter only. Those

1 are Counts Four through Eight. Those were specific
2 substantive money laundering offenses. So, again, those
3 counts do not apply to Mr. Sartini.

4 The next count that applies to him would be
5 Count Nine on page 55, which is alleged -- which alleges
6 that he was involved in maintaining a drug-involved
7 premises called Urgent Care & Surgery Center and
8 Comprehensive Healthcare Systems located in Lenoir City,
9 Tennessee, in violation of 21 United States Code §§
10 850- -- 856(a)(1), and under an aiding and
11 abetting -- aiding and abetting theory of prosecution,
12 also under 18 United States Code § 2, and alleges that
13 Mr. Sartini and others essentially ran a premises there
14 for the purpose of distributing drugs.

15 The same count with a different location is
16 alleged in Count Ten against Mr. Sartini and others for
17 a location on Gallaher View Road in Knoxville.

18 Then he is not charged in Count Eleven.

19 He is charged in Count Twelve on page 57 at the
20 bottom of specific drug distribution in violation of
21 Title 18 United States Code § 841, and that distribution
22 is alleged to have occurred on February 10, 2014.

23 Turning the page to page 58, we'll notice
24 another one of those enhanced penalty sections that will
25 not apply to Mr. Sartini.

1 Then we finish up with a conspiracy to violate
2 the anti-kickback statutes of the United States, as well
3 as money laundering counts. And, again, that section on
4 page 59 starts with some general allegations and some
5 background. The actual count begins on page 60 with a
6 conspiracy to defraud the United States and to solicit
7 and receive healthcare kickbacks in violation of
8 Title 18 United States Code § 371. That's the
9 conspiracy statute. And then the anti-kickback statute
10 is Title 42 United States Code § 1320a-7b(b)(1)(A). And
11 that -- those allegations are against Mr. Sartini and
12 Mr. Palma.

13 Then we have language explaining the
14 conspiracy. And then we have some forfeiture
15 allegations for that again on page 66.

16 And then finally the last count on page 67, the
17 money laundering conspiracy under 18 United States Code
18 § 1956(h). This time, though, related to the
19 anti-kickback statutes, the anti-kickback allegations.

20 And that's -- that's the entirety of the
21 indictment.

22 THE COURT: All right. Thank you, Mr. Stone.

23 Mr. Wesley Stone, would you like a few moments
24 to speak with Mr. Sartini to review these?

25 MR. WESLEY STONE: Just a couple of minutes,

1 Your Honor, please.

2 THE COURT: All right. We'll be putting you in
3 a separate room where you can discuss with privacy.

4 MR. WESLEY STONE: All right. Thank you.

5 THE COURT: Uh-huh.

6 (A brief recess was taken.)

7 THE COURTROOM DEPUTY: All right. Here we go.
8 He's back.

9 THE COURT: All right. Can you see and hear me
10 all right, Mr. Sartini?

11 THE DEFENDANT: Yes, I do, Your Honor.

12 THE COURT: Okay. Thank you.

13 All right. Mr. Stone, did you have sufficient
14 time to go over the indictment?

15 MR. WESLEY STONE: I did, Your Honor. Thank
16 you for that opportunity.

17 THE COURT: All right. And could you please
18 advise the Court as to whether you feel Mr. Sartini
19 understands the charges and whether or not he wants a
20 formal reading?

21 MR. WESLEY STONE: He does understand the
22 charges. He does not want a formal reading.

23 THE COURT: All right. Thank you.

24 All right. Mr. Sartini, I now just need to ask
25 you a question requiring a yes or no answer, and that

1 is: After having reviewed the Third Superseding
2 Indictment with your attorney, Mr. Stone, do you feel
3 that you understand the nature of the charges that are
4 alleged?

5 THE DEFENDANT: Yes, I do.

6 THE COURT: All right. Thank you.

7 Counsel for the government, Mr. Stone, I'll ask
8 you if you will please now review with Mr. Sartini the
9 potential range of penalty associated with each of the
10 counts.

11 MR. TRACY STONE: Yes, Your Honor.

12 Going back to Count One, which is the RICO
13 conspiracy, if con- -- if convicted, Mr. Sartini could
14 face prison of up to 20 years, a fine of up to \$250,000,
15 a term of supervised release of up to five years,
16 criminal forfeiture, a \$100 special assessment, and, as
17 I mentioned, a money judgment in excess of \$21 million
18 dollars.

19 Under Count Two, which is the drug trafficking
20 conspiracy, if convicted, the penalties are very
21 similar. Another term of imprisonment of up to
22 20 years, a fine of up to one million dollars, a term of
23 supervised release of at least three years, criminal
24 forfeiture, a \$100 special assessment, and the same
25 money judgment possibility under forfeiture.

1 Under Count Three, the penalties again are
2 somewhat similar. Here again, we -- he would face a
3 maximum term of imprisonment of up to 20 years, a fine
4 this time of up to \$500,000, or twice the value of the
5 property involved with the transactions, whichever is
6 greater, a term of supervised release of up to three
7 years, criminal forfeiture, and a \$100 special
8 assessment.

9 Jumping ahead to Count Nine -- excuse
10 me -- Counts Nine and Ten, those penalties are the same.
11 So I'll just go over them together. But these penalties
12 would be for each of Counts Nine and Ten. If convicted,
13 Mr. Sartini could face imprisonment of up to 20 years, a
14 fine of up to \$500,000, a term of supervised release of
15 up to three years, criminal forfeiture, and a \$100
16 special assessment.

17 Jumping ahead to Count Twelve, which is the
18 drug distribution under § 841 of Title 21 United States
19 Code. If convicted, much like Count Two, it would be a
20 term of imprisonment of up to 20 years, a fine of up to
21 one million dollars, a term of supervised release of at
22 least three years, criminal forfeiture, and a \$100
23 special assessment.

24 As to Count Thirteen, which is the fraud
25 conspiracy involving the anti-kickback violations, he

1 would face a term of imprisonment of up to five years, a
2 fine of up to \$250,000, a term of supervised release of
3 up to three years, restitution, and a special assessment
4 of \$100.

5 And, finally, as to Count Fourteen, which is
6 the second money laundering conspiracy, the penalties
7 are the same as the first one, which is Count Three, and
8 that is a term of imprisonment of up to 20 years, a fine
9 of up to one million dollars, a term of supervised
10 release of at least three years, criminal forfeiture,
11 and a \$100 special assessment.

12 THE COURT: Thank you.

13 Mr. Sartini, did you hear and understand the
14 statements made by government's counsel regarding the
15 potential range of penalty for all of the counts in the
16 indictment?

17 THE DEFENDANT: I did, Your Honor.

18 THE COURT: Okay. Thank you.

19 The Court will make a finding that Mr. Sartini
20 has represented that he has consulted with counsel and
21 understands the nature of the charges set forth in the
22 Third Superseding Indictment and that he understands the
23 potential range of penalty as set forth by the
24 government for each count.

25 So, based on that finding, Mr. Wesley Stone,

1 are you prepared to enter a plea on Mr. Sartini's
2 behalf?

3 MR. WESLEY STONE: Your Honor, Mr. Sartini
4 would enter a plea of not guilty.

5 THE COURT: All right. The not-guilty plea
6 will be accepted and entered.

7 We need to now turn our attention to the
8 scheduling in this case. This is set before District
9 Judge Varlan. The trial will be scheduled for September
10 the 1st. The discovery cutoff will be July 10th. The
11 motion cutoff date, July 31st. Responses due
12 August 14th. We'll have a pretrial conference August
13 the 20th at 11:00 a.m. The reciprocal cutoff date, as
14 well as the plea deadline, will be August the 20th.

15 Okay. What's the government's position on bond
16 or detention?

17 MR. TRACY STONE: We're moving for detention,
18 Your Honor.

19 THE COURT: Mr. Stone, what is your position on
20 behalf of Mr. Sartini? Are you requesting a hearing?

21 MR. WESLEY STONE: Your Honor, we are waiving
22 our right to a hearing today, but reserving our right to
23 have one later, should we want one.

24 THE COURT: All right. Mr. Sartini, with that,
25 I want to make sure you understand that you would

1 currently remain in custody, and while you are not
2 requesting to have a hearing today, you can ask to have
3 that hearing at later date should you and your attorney
4 deem that appropriate. Do you understand that?

5 THE DEFENDANT: Yes, Your Honor.

6 THE COURT: All right. We will need to put
7 your signature of acknowledgment on a document which
8 will be entitled a Waiver of Hearing.

9 Since we are conducting this by video with your
10 acknowledgment that you understand that you're currently
11 remaining in custody and you're waiving your right to a
12 hearing today but reserving the request to ask for a
13 later date, we are going to apply your initials
14 electronically to that form to suffice as your
15 signature. Do you understand that, Mr. Sartini?

16 THE DEFENDANT: Yes, I do, Your Honor.

17 THE COURT: All right. Okay. With that, is
18 there anything further on behalf of the government that
19 we need to address this afternoon?

20 MR. TRACY STONE: No, Your Honor. Thank you.

21 THE COURT: All right. And, Mr. Stone,
22 anything further on behalf of Mr. Sartini that we need
23 to take up?

24 MR. WESLEY STONE: No, Your Honor. Thank you.

25 THE COURT: All right. Thank you for your

1 participation by video today.

2 MR. WESLEY STONE: Thank you.

3 THE COURT: We'll stand adjourned.

4 MR. TRACY STONE: Thank you, Your Honor.

5 THE COURT: Thank you.

6 THE COURTROOM DEPUTY: All rise. This
7 honorable court stands adjourned.

8 (Which were all the proceedings had and
9 herein transcribed.)

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C-E-R-T-I-F-I-C-A-T-E

STATE OF TENNESSEE

COUNTY OF KNOX

I, Teresa S. Grandchamp, RMR, CRR, do hereby certify that I reported in machine shorthand the above digitally-recorded proceedings to the best of my ability to hear and understand the recorded proceedings; that the foregoing pages were transcribed under my personal supervision and constitute a true and accurate record to the best of my ability to hear and understand the digitally-recorded proceedings.

I further certify that I am not an attorney or counsel of any of the parties, nor an employee or relative of any attorney or counsel connected with the action, nor financially interested in the action.

Transcript completed and signed on Tuesday,
November 9, 2021.



TERESA S. GRANDCHAMP, RMR, CRR
Official Court Reporter